

Message Text

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PAGE 01 STATE 128454 TOSEC 020256

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ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

DRAFTED BY EB:TOENDERS

APPROVED BY EB:TOENDERS

S:LEAGLEBURGER

H:RMCCLOSKEY

S/S :JMEALUM

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 128454 TOSEC 020256

NODIS

CHEROKEE

E.O. 11652: GDS

TAGS: OGEN

SUBJECT: ACTION MEMORANDUM: DOMESTIC FOLLOWUP TO

KANSAS CITY AND PARIS SPEECHES (S/S 7511147)

FOR THE SECRETARY FROM ENDERS

1. TO CONSOLIDATE THE GAINS MADE IN YOUR THREE ECONOMIC
SPEECHES WE WILL NEED ACTION IN THE FOLLOWING AREAS.
EAGLEBURGER AND MCCLOSKEY AGREE.

2. FIRST, TO MEND FENCES WITHIN THE ADMINISTRATION. YOU
ARE SEEING LYNN IMMEDIATELY ON YOUR RETURN. HE IS NOT
HOSTILE TO YOUR STRATEGIC CONCEPTS OR TO MANY OF THE
SPECIFIC PROPOSALS (GRAIN RESERVES IS AN EXCEPTION), BUT
IS VERY CRITICAL OF THE PROCEDURE. WE WILL PROVIDE YOU
WITH TALKING POINTS. BURNS IS VERY CRITICAL OF SUBSTANCE,
PARTICULARLY IN REGARD TO COMMODITIES, WHERE HE IS UNDER
THE MISAPPREHENSION THAT WE WANT TO FIX ALL COMMODITY
PRICES. A MEETING WITH YOU WILL PROBABLY NOT TURN HIM
AROUND, BUT WOULD SLOW HIM UP. FINALLY, YOU MAY WISH TO

SECRET

SECRET

PAGE 02 STATE 128454 TOSEC 020256

TAKE THE OFFENSIVE WITHIN THE GOVERNMENT IN COORDINATION

OF INTERNATIONAL ECONOMIC POLICY PROPOSING THAT WE REVIVE THE CIEP FOR THIS PURPOSE. WE WILL PROVIDE YOU A MEMO ON THAT.

3. SECOND, TO NEUTRALIZE THE CONSERVATIVE REPUBLICANS IN CONGRESS. THIS IS WHERE THE CHIEF DANGER COMES FROM,

THROUGH THE SIMPLE CALCULATION THAT THE PRESIDENT CANNOT AFFORD TO ALIENATE THE CONSERVATIVES TOO MUCH WITH REAGAN AND CONNALLY IN FRONT OF HIM, AND SIMON ALWAYS READY TO MAKE KNOWN HIS OPPOSITION FOR THE BENEFIT OF A CONSERVATIVE GALLERY. WHAT WE WOULD SUGGEST IS A BREAKFAST MEETING WITH A GROUP OF CONSERVATIVE REPUBLICAN SENATORS AND REPRESENTATIVES RIGHT AFTER YOUR RETURN. YOU MIGHT WISH TO ASK SEIDMAN TO JOIN YOU; THIS WOULD HELP YOU ALSO TO DEAL WITH THE POLICY COORDINATION ISSUE THAT THE JOURNALISTS ARE HAVING SO MUCH FUN WITH THIS WEEK. THE BASIC POINT TO MAKE WITH THIS AUDIENCE IS THE STRATEGIC ONE: WE SHOULDN'T STAND FLATFOOTED WHILE A VAST LDC COALITION FORMS AGAINST US. RATHER WE SHOULD MAXIMIZE OUR STRENGTH BY A DIFFERENTIATED APPROACH: CONFRONTATIONAL IN ENERGY, CONCILIATORY BUT BUSINESS-LIKE IN COMMODITIES, AND SELF-CONFIDENT IN FOOD.

4. THIRD, TO MOBILIZE THE SUPPORT OF LIBERAL REPUBLICANS AND OLDFORM LIBERAL DEMOCRATS SUCH AS HUMPHREY, MANSFIELD, RIBICOFF-. IN CONTRAST TO SUCH LIBERAL ISOLATIONISTS AS CHURCH, MOST OF THESE MEN WILL BE ATTRACTED TO THE NEW DIRECTION OF YOUR POLICY AS BEING MORE RATIONAL AND LIKELY TO LEAD TO LESS INTERNATIONAL CONFLICT. WE SHOULD TRY TO PICK UP KENNEDY HERE. RIBICOFF SUPPORTS YOUR POSITION ON COMMODITIES AND BELIEVES THAT THE FINANCE COMMITTEE HEARINGS AT WHICH HE HAS INVITED YOU TO TESTIFY WILL BE USEFUL. YOUR APPEARANCE BEFORE THE COMMITTEE PROBABLY WOULD BE HELPFUL A LITTLE LATER, PERHAPS IN JULY. WE ARE ALSO SEEKING TO GET THE EQUIVALENT OF A WEDNESDAY MORNING GROUP SET UP FOR A LARGER BRIEFING WHICH I COULD DO.

5. FOURTH, TO NEUTRALIZE FARM REPUBLICAN OPPOSITION TO
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SECRET

PAGE 03 STATE 128454 TOSEC 020256

THE GRAIN RESERVES PROPOSALS. FOLLOWING YOUR KANSAS CITY SPEECH, WE HAVE AT LAST BEGUN TO PICK UP SOME STEAM ON RESERVES. THE SOVIETS AND JAPANESE ARE NOW BEGINNING TO TALK FAVORABLY ABOUT PARTICIPATING IN OUR PROPOSAL. USDA, FACED WITH A PROSPECT OF FALLING PRICES AT THE END OF THE SEASON, IS ALSO BEGINNING TO SWING. WE HAVE TO CONSOLIDATE THESE GAINS BY GOING OVER THE TERRITORY WITH EACH OF OUR POTENTIAL CONGRESSIONAL OPPONENTS,

NOTABLY SENATORS CURTIS, BELLMON AND DOLE. BELL FROM AGRICULTURE, KATZ AND I WILL DO THAT THIS WEEK.

6. FIFTH, TO APPROACH A FEW KEY POTENTIAL OPPONENTS, LIKE SENATORS BENTSEN AND LONG, TO GIVE THEM SOME OF

THE NUANCES OF YOUR PROPOSALS AND TRY TO HEAD OFF ALL OUT ATTACKS. WITH BENTSEN, WE SHOULD EMPHASIZE WAYS IN WHICH YOUR PROPOSALS WOULD BUILDIN PROTECTION AGAINST CARTEL ACTION. WE SHOULD STAY AWAY FROM REUSS AND CHURCH.

7. SIXTH, TO BRIEF THE US CHAMBER, THE NATIONAL ASSOCIATION OF MANUFACTURERS, AND OTHERS OF THE MAIN BUSINESS ORGANIZATIONS. WE CANNOT EXPECT MUCH SUPPORT FROM THEM, BUT WE SHOULD TRY TO MUTE OPPOSITION BY EMPHASIZING THE BUSINESS-LIKE NATURE OF OUR PROPOSALS. KATZ AND I WILL CONTACT THEM, AS WELL AS THE AFL/CIO.

8. SEVENTH, TO BRIEF OTHER RELEVANT COMMITTEES, WHICH IN THIS INSTANCE ARE WAYS AND MEANS, FOREIGN RELATIONS AND INTERNATIONAL RELATIONS, AGRICULTURE.

9. EIGHTH, AND MOST CRITICAL, TO OFFSET THE "WE CAVED TO THE SHAH" LINE. SIMON IS WORKING THIS ONE VERY HARD, AND THE ANDERSON, BARTLETT, AND KRAFT PIECES RECENTLY SHOW THAT HE'S HAVING SOME SUCCESS. NOTHING WILL MAKE OUR TASK MORE DIFFICULT THAN THE NOTION THAT WE'RE TRYING TO BUY OFF THE SHAH, WHOM WE DIDN'T DARE STAND UP TO, WITH CONCESSIONS ON RAW MATERIALS. TWO THINGS ARE NEEDED HERE, WE THINK. ONE IS FOR YOU TO DEVOTE SOME PART OF A BACKGROUNDER DURING THE TRIP TO RESTATE OUR OPPOSITION TO OIL PRICE INCREASES, AND MAKING KNOWN THAT OUR VIEW WAS PUT FORWARD TO THE SHAH WHEN HE WAS HERE. THE OTHER
SECRET

SECRET

PAGE 04 STATE 128454 TOSEC 020256

IS FOR YOU TO TAKE THE LEAD IN THIS ISSUE WHEN YOU RETURN BY COMING OUT WITH A FIRM STATEMENT ON WHY A PRICE INCREASE WOULD BE UNJUSTIFIED NOW. VENUE FOR THIS MIGHT BE A PRESS CONFERENCE AT THE END OF THE WEEK. WE ARE DRAFTING A SUGGESTED STATEMENT.

10. RECOMMENDATIONS;

A. THAT YOU AGREE TO MEET WITH BURNS.

APPROVE

DISAPPROVE.

B. THAT YOU AGREE TO MEET WITH CONSERVATIVE SENATORS AND REPRESENTATIVES.

APPROVE

DISAPPROVE

C. THAT SEIDMAN ALSO ATTEND THE MEETING.

APPROVE

DISAPPROVE

D. THAT WE PROCEED WITH THE REST OF THE PROGRAM AS
DESCRIBED ABOVE.

APPROVE

DISAPPROVE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOSEC, BRIEFING MATERIALS, ECONOMIC PROGRAMS, CAT-B, CHEROKEE 06/03/75
Control Number: n/a
Copy: SINGLE
Draft Date: 03 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE128454
Document Source: CORE
Document Unique ID: 00
Drafter: TOENDERS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: P850061-1787
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750685/aaaadads.tel
Line Count: 186
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NODS
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: NODIS
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: NODIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2003 by MartinML>; APPROVED <22 DEC 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ACTION MEMORANDUM: DOMESTIC FOLLOWUP TO KANSAS CITY AND PARIS SPEECHES
TAGS: OGEN, ECON, (KISSINGER, HENRY A)
To: SECRETARY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006